

**REPORT OF THE DIRECTOR OF FINANCIAL SERVICES**

**(Traded Service – Risk & Insurance)**

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**1. EXECUTIVE SUMMARY**

This report sets out the scope of the services provided to schools and Academies and summarises the scale of the service. It highlights the benefits to schools and future developments.

**2. BACKGROUND**

Schools have been procuring risk management and insurance from the authority since the budget for these services was delegated almost 20 years ago and almost all continue to do so. The service continues to be well received and the current package of services comprises:

- Provision of a comprehensive baseline package of insurance from both the commercial insurance market and the Council's in-house Insurance Fund
- Maintenance of detailed policy records and underwriting disclosure information, such as rebuilding values for school premises
- Provision of written confirmation of Public and Employers Liability insurance and, where relevant, Motor insurance
- Management of all insured claims, supporting the school through claims processes and providing help to reduce the cost of individual losses
- Maintenance of individual claims histories for each school
- Provision of advice on insurance related matters, including the interpretation of legal scenarios
- Provision of advice on loss control, as and when required
- Provision of a comprehensive guide to the school's insurance programme
- Access to specialist commercial insurance / claims advice from a retained panel of brokers, specialist solicitors, loss adjusters and barristers

There is competition from the private sector for the provision of insurance and ancillary services. However the authority considers that its offering has a number of unique features, not least of which are the highly competitive premiums, previously benchmarked at around 50% of commercial insurance market rates. Although proposed charges for 2017/18 will on average increase by 6.6% (driven by the rise in Insurance Premium Tax and schools' increasing share of Liability claims costs) I believe that they remain competitive. This is because of the authority's buying power and levels of self-insurance. Other significant benefits include:

- A quality portfolio of insurance, tailored to the school's needs
- The process through which insurance is procured is both competitive and fully compliant with public sector procurement legislation
- Schools pay nil or minimal excesses in the event of a claim
- Advice on insurance and risk improvement matters is both professional and impartial

- Claims handled by the Risk & Insurance team can be settled more promptly than commercial insurers or brokers
- Experienced support on technical and sensitive liability claims
- The team has local knowledge and provides a local presence that can be on site rapidly in the event of an emergency

Since 2011 a service offer has been available to support Academies. This has been taken up by all previous school clients that have converted, other than those which have joined an existing MAT. Twelve schools, including one based outside the borough, currently purchase this service. Whilst the range of services is broadly similar to that for controlled schools, because of their legal status Academies require an individual package of insurance that reflects their particular risk exposures. The team helps them to procure this, through a mixture of commercial insurance from companies who are committed to the local authority and education sectors, and through the DfE's alternative risk financing mechanism, the Risk Protection Arrangement. There is also greater emphasis on the team acting as the Academy's loss assessor and advocate in discussions with insurers, claims handlers, solicitors and loss adjusters.

### **3. SCALE OF SERVICE**

Risk and Insurance has one of the highest 'buy back' rates of all traded services. In 2016/17 110 schools purchased the service at a total cost of approximately £970,000. To give some indication of the scale of risk presented by schools, the Property insurance policy alone covers school buildings and contents of almost £441m. These figures do not include the service for Academies indicated above.

### **5. FUTURE DEVELOPMENTS**

The scope of the insurance package for controlled schools was widened last year to include malicious damage to school buildings and their contents and to cover financial losses from computer fraud, funds transfer fraud and account scams. No further changes are planned for 2017/18.

The expansion of the Academies programme envisaged by the Government will have particular implications for the Risk and Insurance service. As indicated above, Academies need to make individual arrangements to cover their risks and the Risk and Insurance team can provide the support which they need. The team can provide impartial advice and provide access to the markets which provide best overall value for an individual school.

The SLA requires schools to assist the team by advising of their intentions to convert to Academy status as early as possible, at which point the team can discuss their individual insurance requirements in more detail.

### **6. RECOMMENDATIONS**

- **That schools note the range of services available.**
- **That schools provide notice of their intention to convert to Academy status as early as possible**

**Tom Sault**  
**Director of Financial Services**